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UNCLAS DAR ES SALAAM 001268

SIPDIS

USDOC FOR ROBERT TELCHIN
NAIROBI FOR FCS

SENSITIVE

E.O. 12958:N/A

TAGS: ECON EINV PREL PGOV TZ

SUBJECT: Cargill Debt Dispute Resolved, Final Payment Made

REF: A) 04 DAR ES SALAAM 02297 B) 04 DAR ES SALAAM 01128

C) 04 DAR ES SALAAM 00159 D) DAR ES SALAAM 00146

Sensitive but Unclassified (SBU). Protect accordingly.

¶11. (SBU) Representatives of the U.S. company Cargill Cotton confirmed that the company received the final payment from the Tanzanian government on 27 June 2005, as agreed in the resolution of the long-standing debt dispute (reported in reftels). The companies involved, including Cargill, submitted last week all required documents to drop any and all legal actions related to the dispute, and the dispute is now finally resolved.

¶12. (SBU) The Cargill dispute began in the period of Tanzania's transition from a state-controlled economy to a market economy. The dispute's resolution was complicated by the fact the debtor agency, the Tanzanian Cotton Marketing Board (TCMB), had been dissolved and a number of Tanzanian ministries had to be involved in sorting out the TCMB's liabilities. For a number of years, post has made significant efforts to support Cargill in the resolution of this dispute. The Charge d'Affaires and Econoff met with GOT officials on numerous occasions, including an Embassy-hosted lunch with GOT officials, company representatives, and other interested diplomatic missions. Cargill representatives met econoff last week to express thanks to post for its ongoing support.

¶13. (SBU) Cargill representatives have reported that they are again seriously engaged in business in Tanzania. In 2004, Cargill was the largest purchaser of cotton from Tanzania, buying over 32 million kilograms. In 2005, Cargill has continued to aggressively pursue the local cotton market. Cargill also owns ginning factories in the country and has expressed an interest in investing in commercial farming in Tanzania.

¶14. (SBU) Comment: While dispute settlement in Tanzania remains inefficient and time-consuming, the GOT has now shown a greater willingness to keep its commitments. As noted in recent reftels, Cargill's renewed interest in expanding its business ties with Tanzania reflects the new business environment in the country, in which government plays a limited role in a more transparent and reliable manner. End comment.

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